EXHIBIT A

TIMESONLINE

From The Sunday Times

October 12, 2008

Failing Lehman in $100m payout plan

The company approved huge packages for executives days before it went bust

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THE Lehman Brothers board signed off on more than $100m (£59m) in payouts to five top executives just three days before the bank went bankrupt leaving thousands of employees out of work in London.

The payoffs, approved on September 12 by the Wall Street giant's compensation committee, included over $24m in severance packages to the collapsed firm's top three London executives.

The committee agreed a $16.2m pay-off for Benoit Savoret, chief operating officer for Europe. This payment had been guaranteed by the firm after Savoret had turned down an approach to join a rival firm. Andy Morton, the fixed-income business head, was set for a $2m golden goodbye.

Both were forced out in a shake-up orchestrated from New York in the waning days at the troubled bank. A $5m package for Jeremy Isaacs, the European chief executive who also left, was approved as well.

The executives never received the payments – detailed in internal Lehman documents seen by The Sunday Times - because the company filed for bankruptcy protection the next working day, September 15.

According to Tony Lomas, the lead administrator, they will now be treated as unsecured creditors.

The committee also signed a $41m retention package for Eric Felder, the head of global fixed income in New York, and a $40m two-year deal for Jerry Donini, the US-based head of equities. These are understood to have been voided, replaced by new contracts under Barclays which bought the US business.

The pay deals will further inflame the debate raging about executive pay as the global financial crisis accelerates.

In the two years prior to Lehman's collapse, the executives were generously remunerated while overseeing forays into risky commercial real-estate investments that helped to bring the company down.

Savoret was paid $30m between 2006 and 2007, Morton pocketed $26.5m and Isaacs received $43m. Morton said yesterday at his home in west London that none of the three men would get the money.

"The bank did recommend that we should be given that money but because the bank went bankrupt the compensation committee never met to authorise it," he said. "I have no legal redress."

Savoret, who bought Tony Blair's house when he went to Downing Street in 1997 and now lives in a £6.6m house, refused to comment.

As the bank careered toward failure, the subject of pay did come up internally. In an e-mail, US executive Judith Vale urged colleagues to rein back on their lavish rewards.

"Top management should forgo bonuses this year," read the e-mail, dated June 3.

"This would serve a dual purpose. Firstly, it would represent a significant expense reduction. Secondly, when the 'world' discovers this in next year's proxy, it would send a strong message to both employees and investors that management is not shirking accountability for recent performance."

Dick Fuld, Lehman's combative chief executive known as "the Gorilla" who has shouldered much of the blame for the company's collapse, responded to a colleague in a separate e-mail.

"Don't worry – they are only people who think about their own pockets."

Fuld was last week forced to testify in front of Congress, where he was lambasted for overseeing the largest corporate failure in history.

He said he took "full responsibility for the decisions I made and for the actions I took", but spent most of the time explaining the external factors that pushed the bank over the edge.